Volume 12 No. 8, April 17, 2006

QUOTA EXCHANGE

The eighth butterfat Quota Exchange of the 2005-2006 dairy year was conducted on April 17, 2006. The market-clearing price for Unused Quota Exchange was **$75.00**. The market-clearing price established for Used quota was **$65.00.** The results of the April 2006 Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange for the 2005-2006 dairy year will be held on May 15, 2006. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, May 6, 2006. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy <u>may</u> be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ 75.00**
Kilograms offered to Purchase – total	**4,240**
Kilograms offered to purchase at 5% adjustment	
Kilograms offered to Sell	**21,825**
Kilograms sold	**3,428**
Number of Producers	
- offered to purchase	**4**
- purchased quota	**4**
- offered to sell	**13**
- sold quota	**5**

TABLE I

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
65.00	1	1	350	350	-3,890	4,240	0	4	0
75.00	**4**	**5**	**3,078**	**3,428**	**-812**	**4,240**	**1,500**	**4**	**1**
76.00	1	6	397	3,825	1,085	2,740	0	3	0
77.00	1	7	375	4,200	1,460	2,740	0	3	0
78.00	1	8	625	4,825	2,085	2,740	0	3	0
78.15	0	8	0	4,825	2,085	2,740	540	3	1
78.65	0	8	0	4,825	2,625	2,200	1,000	2	1
82.00	2	10	8,000	12,825	11,625	1,200	0	1	0
83.00	1	11	3,000	15,825	14,625	1,200	1,200	1	1
84.00	1	12	3,000	18,825	18,825	0	0	0	0
85.00	1	13	3,000	21,825	21,825	0	0	0	0

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ 65.00**
Kilograms offered to Purchase – total	**1,000**
Kilograms offered to Sell	**4,000**
Kilograms sold	**1,000**
Number of Producers	
- offered to purchase	**1**
- purchased quota	**1**
- offered to sell	**5**
- sold quota	**4**

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
65.00	**4**	**4**	**4,000**	**4,000**	**3,000**	**1,000**	**0**	**1**	**0**
67.00	1	5	16,000	20,000	19,000	1,000	0	1	0
68.00	0	5	0	20,000	19,000	1,000	1,000	1	1

QUOTA SWAP EXCHANGE

The Quota Swap Exchange was conducted on April 17, 2006. There was no market-clearing price established. The results of the Quota Swap Exchange are outlined in the following Table.

The next monthly Quota Swap Exchange will be held on May 15, 2006. All offers to swap quota through the Quota Swap Exchange must be received at the Board office by midnight, May 6, 2006. **The Board recommends that offers and bids to swap be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.**

Just a reminder to producers that when making bids on the Quota Swap Exchange, the price on offers to swap out unused quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Quota Swap Exchange.

Conversely, the price on offers to swap in unused quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Quota Swap Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered to swap out and the accumulated volume offered to swap-in.

TABLE III

QUOTA SWAP EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$------**
Kilograms offered to swap in	**20,800**
Kilograms offered to swap out	**0**
Kilograms swapped	**0**
Number of Producers	
- offered to swap in	**6**
- swapped in quota	**0**
- offered to swap out	**0**
- swapped out quota	**0**

QUOTA SWAP EXCHANGE

Price ($/kg b.f.)	No. of Sellers (swap out)	Cumulative Sellers (swap out)	Kgs b.f. offered to swap out	Cumulative swaps out	Cumulative swaps out less Cumulative swaps in	Cumulative purchases (swap in)	Kgs b.f. offered to swap in	Cumulative Buyers (swap in)	No. of buyers (swap in)
5.00	0	0	0	0	-20,800	20,800	2,000	6	1
6.00	0	0	0	0	-18,800	18,800	1,000	5	1
8.00	0	0	0	0	-17,800	17,800	7,500	4	1
8.01	0	0	0	0	-10,300	10,300	2,500	3	1
8.16	0	0	0	0	-7,800	7,800	300	2	1
9.00	0	0	0	0	-7,500	7,500	7,500	1	1

BUTTERFAT PRODUCTION AND COMPONENT PRICING, MARCH 2006

Butterfat production for March, 2006 totalled approximately 739,566 kilograms. This was approximately 4.94% higher than March, 2005 shipments. **For the first eight months of the 2005-2006 dairy year, Saskatchewan's allocation of Total Production Quota totalled approximately 5,515,350 kilograms. Cumulatively, in the first eight months, the province has shipped 100.22% of that amount.**

The weighted average component tests and prices for the province in March are indicated in Table IV.

TABLE IV

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.8401	$9.7333
Protein	3.3410	$6.7333
Other Solids (S.N.F.)	5.7042	$1.9860

Based on the average component tests for the province, the average price received was $69.4973 per hectolitre. The average butterfat per kilogram value was $17.06.

Dairy year to date 4m (over quota) holdings are $3,431,747

SASKATCHEWAN MILK POOL RESULTS March 2006

TABLE V

Milk Sale Revenue	$ 13,201,551.29
Western Milk Pool	$ - 511,201.18
Dairy Farmers of Canada Skim Off	$ -18,810.20
Plant of Last Resort Service	$ -57,465.39
Total Pool Value	**$ 12,614,074.52**

CANADIAN DEMAND FOR INDUSTRIAL MILK (MSQ)

The national formula used to indicate changes in industrial milk demand has triggered a quota reduction effective April 1, 2006. This reduction translates into a Total Production Quota reduction of .26%. However, the province has been able to accumulate quota credits over the dairy year due to higher Class 1 sales and provincial butterfat tests. The Board met to discuss the current situation producers are facing at this point in the year as well as the need to maintain consistent production going into the new dairy year. **After deliberating on the foregoing, the Board members agreed that the accumulated quota credits will be used to absorb the April 1, 2006 quota reduction.** In addition, the remaining credit balance should be sufficient to absorb any possible future quota reduction which may occur in this dairy year.

QUOTA MANAGEMENT TABLES

Please find enclosed your quota management results for March, 2006. These Tables indicate the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

The Board will continue to provide these Tables on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota.

If you have any questions concerning the information provided, please contact our office.

ACCOUNTING VALUES FOR CLASSES OF MILK – April 2006

TABLE VI

	Butterfat ($/kg)	**(per hl. Skim milk**	
Class 1a	$5.3000	$52.57 (per hl. Skim milk)	
Class 1b	$5.3000	$52.57 (per hl. Skim milk)	
Class 1c	$5.3000	$44.50 (per hl. Skim milk)	
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.2333	$5.3140	$5.3140
Class 3a	$7.2333	$12.4158	$0.8291
Class 3b	$7.2333	$12.1853	$0.8145
Class 4a, 4b, 4d & 4d(i)	$7.2333	$4.9346	$4.9346
Class 4a(i)	$7.2333	$1.5000	$1.5000
Class 4c	$7.2333	$4.2497	$4.2497
Class 4m	$0.00	$0.00	$0.00
Class 5a	$3.4115	$5.0791	$0.5224
Class 5b	$3.4115	$1.8639	$1.8639
Class 5c	$3.3740	$2.0000	$2.0000
Class 5d	**As determined by**	**the CDC**	

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Would like to swap Used Quota for Unused Quota – Swap In

- Simmie Colony – approximately 1,500 kgs. – contact Jerry (306) 297-2254
- Carl Ens – (306) 239-4255 Cell Phone: (306) 221-2445
- Broyhill Holsteins – contact Joy Lindenbach (306) 771-2721
- Approximately 2,000 kgs - Ken Klassen (306) 229-4591 or Ed Klassen (306) 227-9432
- Marksview Farms – approximately 5,000 kgs – contact Dick Friesen (306) 933-4610
- Swift Current Colony – contact Josh (306) 778-2327
- Webb Colony – approximately 1,100 kgs. – contact Mike Hofer (306) 674-2236

- Leask Colony – approximately 2,500 kgs. – contact Darius Wallman Cell Phone (306) 466-7713 or (306) 466-2303 extension 116.
- Alvin Schultz – approximately 2,000 kgs. – phone (306) 254-4301
- Jake or Les Sawatsky - approximately 9,000 kgs. - phone (306) 225-5883.
- Glenn Hamm - phone (306) 594-2855.
- Tim at Sovereign Colony - 3000 kgs - phone (306) 882-2447
- Danny Hofer at Box Elder Colony – phone (403) 502-9997.
- Philip at Rosetown Colony - phone (306) 882-3112, Extension 709
- Jim Ross - phone (306) 697-2232
- Jim Gorrill – phone (306) 725-4828
- Paul – phone (306) 677-2232 Extension 6315
- Florian Hagman – phone (306) 749-2879
- Roger Genoway – phone (306) 593-2289
- Leask Colony – Darius Wollman – phone (306) 466-2303 Extension 116 or Cell phone (306) 466-7713 (approximately 3,000 kgs)
- Robert Coghill – phone (306) 699-7237
- Stan Sinclair – phone (306) 332-4220
- Sand Lake Colony – Joe or Willie – phone (306) 298-2068
- Kevin Flath – phone (306) 549-2129 (approximately 1000 kgs)
- Craig Krasowski – phone (306) 783-0396
- Corman Holsteins – contact Richard or Ruby Dyck – phone (306) 933-4608 (approximately 15,000 kgs)
- Wheatland Colony – phone (306) 587-2458 – Ext. 109 (approximately 1,000 kgs)
- Estuary Colony – contact Jake – phone (306) 628-4116

- D & D Dairies – contact Rene Dubreuil – phone (306) 795-2976 (approximately 2,000 kgs)

- Bench Colony – phone (306) 297-3270

- Holstein Haven Ltd. – contact Robert McCubbing – phone (306) 228-2921 or fax (306) 228-4472 (approximately 2,500 kgs)

- Peter & Jacob Fehr – phone (306) 225-4437 (approximately 1,200 kgs)

For Sale

- 12 bred grade Holstein heifers for sale, some due to calve shortly. Contact Dave Friesen @ (306) 225-4601.

- Holstein cows and quota. Call Perry or Preston Haanen @ (306) 329-4604 or 329-4981

- Quota and cows for sale (approx. 14,000 kgs). Call Jerome Fisher @ (306) 365-4674

- Quota for Sale. Call Glen or Joy Hamm @ (306) 594-2855

- Dairy Hay and 6 Holstein heifers to calve in October or November
  - contact Martin Sondergaard (306) 547-2205

- 6 bred heifers due to calve starting April 1st and
  17 two year old A.I. sired Holstein Heifers to start calving October 1
  - contact Del Mealing (306) 693-2543 cell (306) 681-8207

- 20 head of young Holstein cows and bred heifers and 4 breeding age bulls
  - contact Les Fornwald at (306) 487-2784

- A Westfalian Systemat Tank 1000 gallon
  - contact Earl or Scott at Eaglewood Holsteins at (306) 329-4394

- 12 bred Holstein heifers to calve May and June
  - contact Robert or Dorothy Scheidt at (306) 748-2817

- 4 new vacuum pump vanes at half price, 8 9/16 x 2 9/16 x 5/32; paid $790.00 – contact Aadne or Phillip Aarrestad – phone (306) 469-4954 or (306) 469-2326

Lucille Schmidt @ (306) 771-2749 or Dan Schmidt @ (306) 771-2107 have the following items for sale.

1. 800 U.S. Gallon stainless steel bulk tank with Muehler Matic wash wand
2. 60 Gallon Surge Claristos Heat Exchanger – good condition
3. Receiver Jar with 3 inch trap with compact receiver panel
4. Electro/Brain #5 Alano Vacuum Pump (100+) 5.5 direct drive motor
5. Stainless steel pipeline 2 inch

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman	Dairy producer
Dr. David Christensen	Dairy research/professor U of S
Joseph Guenther	Dairy producer
David Finlay	Dairy producer
Garf Stevenson	Consumer representative
Joanne Mortenson	Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

1210-2500 Victoria Avenue
Regina, Saskatchewan S4P 3X2

Telephone (306) 787-5319
Fax: (306) 787-1988

Website: www.saskmilkcontrolboard.ca

email: milk.control.board@sasktel.net

Dairy Year End Scenarios

If the province comes in at 100% or less, the 4M over quota refund will occur at the end of the current Dairy Year. Board Staff will calculate the average percentage of over quota production in kilograms of butterfat, and that percentage will be the benchmark set for the 4M over quota refund. Please note that a producer refund cannot exceed the total 4M dollar amount held by the Board on their behalf. The over producers will receive all, or a portion of, the 4M over quota dollar amount held based on the average. Note that all refunds will be based on in-quota production.

Pre-fill

If the province produces greater than 100% and there are no credits available from other provinces and no Class 5D permits to export the over production are available, Saskatchewan will be in pre-fill for the 2006/2007 dairy year. Producers who have over shipped their TPQ in the 2005/2006 Dairy Year will have their quota suspended on a prorated basis up to the maximum of their over production.

For example: If the province has shipped 105%, any producer who ships greater than 100% but less than 105% will have their quota suspended by the amount that they are over 100%; i.e. Producer shipped 102% in 2005/2006 dairy year, his/her TPQ in 2006/2007 Dairy Year would be 98%.

Any producer who shipped over 105% will have their quota suspended by a minimum 5% and will also have to absorb the difference of the producers who shipped between 100% and 105%; i.e. Producer shipped 110% in 2005/2006 Dairy Year, his/her TPQ in 2006/2007 Dairy Year would be 92%.

4M Refund if Pre-fill occurs

There will be no 4M over quota refund at year end. 4M over quota dollars held by the Board will be refunded at the end of the 2006/2007 Dairy Year. The refund and quota suspension process will be as follows at the end of 2006/2007 Dairy Year:

Producers can recover all or a portion of the suspended quota at the start of the 2007/2008 dairy year. To recover all 4M over quota dollars and suspended quota, producer's cumulative production for the current (2005/2006) and next dairy year (2006/2007) must be 100% or less.

For example 2005/2006 TPQ is 10,000 and you shipped 11,000, your TPQ for 2006/2007 would be 9,000. If, cumulatively, your production is 20,000 or less for the two years, you will recover your suspended TPQ and recoup all 4M over quota dollars held.

Another way a producer can recover their suspended quota is if in the dairy year after pre-fill (2006/2007) the province is at or under 100%, the producer in that example would receive a portion of 4M dollars held when the refund is calculated.

Province in Pre-fill in Consecutive Years

If the province has consecutive years of pre-fill, the producers causing the pre-fill will be financially penalized. 4M dollars held from the current (2005/2006) and future (2006/2007) dairy years will be used to pay the province's penalty. Remaining dollars will be paid out to producers who were over the previous year and whose cumulative two year production is at or below 100%. Any dollars remaining will be refunded on the basis of the 4M refund if calculation as if the province was not in a pre-fill situation.

Additional Information on pre-fill scenarios

In pre-fill – Province has over shipped allocations.

The province will be forced to suspend quota in their province equal to the total kilograms of butterfat over produced. This amount will be after any credits are used from provinces that were under 99.5% and any export permits.

In pre-fill – Producer has over shipped allocations.

If the province is in pre-fill, individual producers who are over quota will absorb the provincial pre-fill and have quota suspended. This suspension will be up to the maximum of their individual over production. There will be no 4M over quota Refund at the end of the 2005/2006 dairy year.

Consecutive Years Pre-fill – Province

Producers who are over quota will absorb the provincial pre-fill and have quota suspended. For producers who are over in consecutive years, their 4M dollars held will be used to pay the penalties the province will incur from the CDC and any other additional costs for disposal of additional structure surplus created by the over production.

Consecutive Years Pre-fill – Producer

If producer is in pre-fill at the start of the 2006/2007 Dairy Year, they can recoup all 4M dollars held from the previous 2005/2006 Dairy Year if their 2005/2006 & 2006/2007 cumulative production is at 100% or less.

Example: 2005/2006 shipped 105% in 2006/2007 producer ships 95%. To clarify this 95%. In 2006/2007 the producer ships 100% of their new allocation that is equal to 95% of their 2005/2006 allocation. Therefore, cumulatively the producer is shipping 100% of their 2005/2006 & 2006/2007 allocations.

Two Consecutive Years of Pre-fill – Province

Producers who are over quota will absorb the provincial pre-fill and have quota suspended. For producers who are over in consecutive years, their 4M dollars held will be used to pay the penalties the province will incur from the CDC and any other additional costs for disposal of additional structural surplus created by the over production.

Two Consecutive Years of Pre-fill – Producer

If you are in pre-fill 2 consecutive years your ability to recoup 4M dollars held from 2005/2006 is GONE. Those dollars are lost to the producer as they will be used to pay provincial penalties and disposal costs from the CDC for that excess milk. Additional quota will be suspended up to the maximum kilograms of butterfat over shipped by that producer for the 2007/2008 Dairy Year.